

WIN Semiconductors Corp.

Procedures for Lending Funds to Other Parties

Article 1 The Company shall follow the Procedures set forth below for lending funds to other parties. Any other matters not set forth in the Procedures shall be dealt with in accordance with the applicable laws, rules, and regulations.

Article 2 The party to whom the Company may lend its funds shall be limited to:

1. Those business or entities which have business relationships with the Company; or
2. Those business or entities which who have short-term needs of funding from the Company. The total amount available for lending purpose shall not exceed 40% of the total net value of the Company.

The short-term means one-year period.

The responsible person of the Company who has violated the provisions of the preceding paragraph shall be liable, jointly and severally with the borrower, for the repayment of the loan at issue and for the damages, if any, to company resulted there-from.

Article 3 For any borrower, the evaluation guidelines are as follows:

1. Fund-lending to companies having business relationship with the Company shall be limited to a company with which the sales or purchasing transaction with the Company has occurred.
2. For the companies in need of funds for a short term period, the borrower shall be limited to:
 - (1) The Company holds long-term investments under equity method;
 - (2) The Company holds more than 50% of the shares, or
 - (3) Others approved by the Board of Directors of the Company.

Article 4 Limitation of total amount for lending and funds lent to an individual company

1. The total amount for lending to a company

For any borrower, the total amount available and evaluation guidelines are as follows:

- (1) The total amount for lending to a company having business relationship with the Company shall not exceed the previous or this year's total transaction amount between the parties (For the purpose of this Procedure, the "transaction amount" shall mean the sales or purchasing amount between the parties, whichever is higher.)
 - (2) The total amount for lending to a company having short-term funding needs shall not exceed 20% of the latest financial reports of the Company.
2. The total amount for lending of the Company

The total amount available for lending shall not exceed 40% of the latest financial reports of the Company.

Article 5 The term and interest calculation of the loan

The term of the lending by the Company shall not exceed one year, and any extension of term should be approved by the Board of Directors. The interest rate of the loan shall not be lower than the average capital cost of the Company for its short-term loan with the financial institutions and the interests shall be calculated on a daily basis. Any adjustment shall be approved by the Board of Directors in special circumstances.

Article 6 Execution and auditing procedures for lending funds

1. Any borrower, when applying for a loan from the Company, shall submit an application or a letter describing in detail the loan amount requested, term, purpose and collateral, together with certain basic information and financial data, to the personnel in charge to facilitate the evaluation and credit checking by the Company.
2. After receiving the application for lending of funds, the Company's division in charge shall investigate and evaluate the necessity and reasonableness of the funding, whether there are direct or indirect business relations between the funding recipient and the Company, the recipient's financial and operational condition, the recipient's ability for repayment of indebtedness and its credit worthiness, profitability and intended usages of funds. The extents of impact of the Company's aggregate amount of funds lent on the Company's operations, financial conditions and shareholders' equity shall also be taken into consideration.
3. After credit investigation and risk evaluation is conducted, for those borrowers with poor credit or unjustifiable purpose, the Financial Division shall respond to the borrowers after getting the approval of the General Manager and the Chairman of the Board of Directors] For those cases with good credit and justifiable purposes, or those cases that the borrower can furnish collaterals in the same amount of funds to be lent and have no risks, the personnel in charge shall prepare a credit check result and opinion report and devise the criterion of the loan of funds and submit a proposal to the General Manager and the Chairman of the Board of Directors and get approval of the Board of Directors before lending of funds.
4. Any lending of the Company's funds shall be evaluated with and subject to the Procedures, and then submitted, together with the result of the evaluation made as described in the second paragraph of Article 6, to the Board of Directors for its approval and no delegation shall be made to any person in this regard.

The loans of the Company and subsidiaries or subsidiaries and subsidiaries shall be submitted to the Board of Directors for approval in accordance with aforesaid paragraph. Once the loans are approved by the Board, the Chairman of the Board of Directors is authorized to allocate the fund within a year under approved limits in several installments or revolving allocations.

The aforesaid loan amount of the Company or its subsidiaries to any single enterprise shall not exceed 10% of the net worth of the latest financial reports of the Company.

When the Company submits the loaning of funds for the Board of Directors' approval, the board shall fully take each independent director's opinions into consideration and record each director's

reasons for pros and cons in the minutes.

5. When lending funds or providing short-term financing to others, the Company shall require the borrower to provide guarantee notes, collateral and/or other guarantee in the same amount of funds lent except for subsidiaries in which the Company directly or indirectly holds more than 50% of the voting shares and if necessary, shall require the borrower to provide personal property or real property as collaterals and to perfect the liens on the collaterals, and the Company shall evaluate quarterly whether the value of the collaterals provided is comparable to the balance of the amount of funds lent and shall demand additional collaterals if necessary. With regards to the aforementioned collateral, if the borrower provides guarantee from individual or corporation with considerable financial capability and credit worthiness as a substitute for the collaterals, the Board of Directors may, referring to the assessment report of the division in charge, consider such guarantee and make a decision; in the case of corporation guarantee, it is required to review if the guarantor's articles of incorporation provide that the provision of corporation guarantee is allowed.
6. All collateral, except land and securities, shall be covered by fire insurance. For vehicles, comprehensive liability insurance shall be procured. The insured amount shall, in principle, be not less than the replacement cost of the collateral. The Company shall be named as the beneficiary of the insurance. The insured object, quantity, location and coverage conditions must be consistent with the requirements of the Company.
7. The financial department of the Company shall set up a record book for recording matters relating to fund lending by the Company. After a lending of funds has been approved by the Board of Directors, the financial department shall record the details of the entity to which the lending of funds is made, amount, date of approval by the Board of Directors, drawdown date, and matters to be carefully evaluated in accordance with the Operating Procedures in the record book for further inspection.
8. Internal auditors shall perform auditing on the Company's lending profile every quarter and produce written auditing reports. Should there be any violation found, the internal auditors shall inform the Chairman of Board of Directors and CEO, handle the matters under their instructions, and a written report is needed to notify the audit committee.
9. Where the recipients of the fund lending are not in compliance with the Procedure or the amount of funds lent exceeds the limits set forth in the Procedure as a result of change of conditions, the financial department of the Company shall inform the Chairman of Board of Directors and CEO, handle the matters under their instructions and prepare corrective plans and submit such corrective plans to the audit committee and rectify as scheduled under the corrective plans.
10. The Company shall, in accordance with GAAP, evaluate the status of the loan, list adequate preparatory bad debt, appropriately disclose relevant information in the financial reports, and provide relevant data for the certified public accountants to proceed with necessary auditing procedure.

Article 7 Procedures of disclosure and report

When the Company lends its funds to other parties, the related information must be disclosed and reported to Market Observation Post System website designated by the Financial Supervisory Commission (FSC).

1. The Company shall, before the tenth day of each month, disclose and report its and its subsidiary's remaining amount of loan of last month.
2. In addition to the monthly public announcement and reporting of the Company's balance of lending of funding, the Company and subsidiaries whose loan balance reaches one of the following levels shall announce and report such event within two days from its occurrence to Market Observation Post System:
 - (1) The aggregate balance of the Company and its subsidiaries' loan reaches 20% or more of the Company's net worth as stated in its latest financial statements.
 - (2) The balance of the Company and its subsidiaries' loan for a single enterprise reaches 10% or more of Company's net worth as stated in its latest financial statements.
 - (3) The balance of the Company or its subsidiaries' newly added loan reaches NT\$10 millions or more and the aggregate amount of loan reaches 2% or more of Company's net worth as stated in its latest financial statements.

The Company shall announce and report on behalf of any subsidiary thereof that is not a public company of the Republic of China any matters that such subsidiary is required to announce and report pursuant to the third subparagraph of the preceding paragraph.

Article 8 Subsequent measures for control and management of loans, and procedures for handling delinquent creditor's rights

1. After each lending has been made, the financial department of the Company shall frequently monitor any changes in the borrowers' and guarantors' financial, business and related credit conditions, and any changes in the value of collaterals, and prepare written records of the monitoring results. If there is any significant change, the financial department of the Company shall promptly report to CEO and related divisions in charge for their timely actions.
2. When a borrower repays the loan on due date or, upon request of the Company, repays the loan before the due date, the financial department of the Company shall execute the following procedures:
 - (1) Confirm receipt of repaying the loan by the borrower.
 - (2) Report to the Chairman of Board of Directors and CEO and after getting their approval, return the promissory note with cancellation of the loan of funds or eliminate the collateral registration.
3. If repayment cannot be made on the due date, the borrower shall apply for a deferred repayment in advance and such defer request shall be submitted to the Board of Directors for approval; otherwise the Company may take enforcement actions against the collaterals or guarantors in accordance of applicable laws for recovery.

Article 9 Procedures for controlling and managing loans of funds to others by subsidiaries

1. The Company shall urge its subsidiaries to enact the “Procedures for Lending Funds to Other Parties” and implement the procedures in accordance with proper authorizations of the organizations in charge..
2. The Company shall supervise subsidiaries to assure the latter’s lending of funds are in compliance with the “Procedures for Lending Funds to Other Parties.

Article 10 Penalty provisions

The Company’s managers and persons-in-charge shall follow the Procedures in order to prevent the Company from incurring any losses. Should there be any violation of related regulations or the Procedures, subsequent castigation is subject to the related personnel guidelines and procedures of the Company.

Article 11 Effectiveness and amendment

After the Procedures have been approved by the Board of Directors, they shall be submitted to a shareholders’ meeting for approval; if any director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the director’s dissenting opinion to a shareholders’ meeting for discussing; the same applies when the procedures are amended.

The Procedures, and any amendments to them, shall be subject to the consent of one-half or more of all audit committee members and be submitted to the Board of Directors for a resolution. Any matter that has not been approved with the consent of one-half or more of all audit committee members may be undertaken upon the consent of two-thirds or more of all directors, and the resolution of the audit committee shall be recorded in the minutes of the directors meeting.